

ALL INDIA POWER ENGINEERS FEDERATION



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No. 48-2022/ Import of Coal

26-07-2022

Hon'ble Prime Minister,
Govt. of India,
New Delhi.

Sub: Import of costly coal even with no Coal Shortage.

Respected Sir,

In the Months of March to June 2022 the Ministry of Power had impressed upon Gencos and thermal power stations of the country to import 10% of their coal requirement since the domestic supply was not adequate to meet the requirement of thermal power stations of the country.

2 On 07/12/2021 the Ministry of Power took the decision to import 10% of coal as domestic supply was inadequate.

3. On 28/04/2022 Ministry of Power directed that thermal stations and state Gencos must import coal in time bound manner,

50% by 30/06/2022

40% upto 31/08/2022

10% upto 31/10/2022

4. On 18/05/2022 the Ministry of Power issued direction (order) no. FU21/2020-FSC dated 18/05/2022 stating

“If blending with domestic coal is not started by 15/06/2022 then the domestic allocation of the concerned defaulter thermal power plants will be further reduced by 5%”

5. Under the Administrative coercion by the Ministry of Power, most of the state Gencos, thermal power stations as well as central sector thermal stations were forced to give consent for import of coal.

6. In the meantime, starred question no. 832 was filed in Rajya Sabha by Dr. C.M. Ramesh, where the queries were.

a) ***whether there is shortage of coal production in the country and as a result some of the States/UTs faced shortage of coal, if so, the details thereof;***

b) ***the amount of coal imported during the last three years, country-wise and quantum of coal imported from those countries, the details thereof; and***

c) ***whether the Government proposes to constitute a Committee to look into the steps taken to boost coal production and whether they are actually yielding results, if so, the details thereof and if no, the reasons there-for?***

7. In response the reply given by the Minister of Parliamentary officers, Coal and Mines (Sh. Pralhad Joshi) is quoted as under.

a) *There is no shortage of coal in the country. The all India Coal production in the year 2021-2022 was 778.19 Million Tonne (MT) in comparison to 716.083 MT in the year 2020-2021. Further, in the current financial year (upto June 22), the country has Production 204.876 MT of coal as compared to 156.11 MT during the same period of last year with a growth of about 31%.*

8. It is seen that while Minister of Power was repeatedly stressing on state thermal stations and Genco to import 10% of coal, on the contrary the Ministry of Coal has asserted.

“There is no shortage of coal in the country”

9. Since the reply given by the Coal Ministry asserting that there is no shortage of coal in the country, is a statement before parliament, it is to be taken as correct and reliable. It follows that the Ministry of Power should revoke and withdraw the order/ instructions issued by the Ministry of Power for import of 10% requirement of coal and also the coercive measures to cancel / reduce domestic allocation of coal should also be withdrawn.

10. The extra expenditure incurred by state thermal and state Gencos for forcible import of coal should be reimbursed/ compensated to the states who

were forced to import coal while there was no shortage of coal in the country.

11. Additional Factors:

While giving the reply to the queries raised in parliament, the Hon'ble Minister of Coal has relied upon and stated the figures for production of coal in the Country for 2021-22 and also for the period April to June 2022, on the basis of which it has been asserted that there is no shortage of coal in the country.

11.1 However, the other factors have been missed out which relate to policy lapses during the period 2014-18 due to which the coal production suffered resulting in lower production during the year 2021-22. Had these lapses not occurred the production of coal during 2021-22 would have been much higher than the figures quoted in the reply. These factors which adversely affected the coal production are summarized as under.

a) Coal India Limited had built up a surplus reserve of Rs. 35,000 crores which was to be utilized to develop new mines and strengthen the existing coal mines so as to increase the coal production. This amount of Rs. 35,000 crores was taken away from Coal India Limited by the Govt. of India / Finance Ministry and this resulted in a setback to the further development of mines by Coal India Limited.

b) Govt. of India directed Coal India Limited to invest in the new field of fertilizers which is not in the purview of Coal India Limited. Due to this diversion of funds the working of Coal India Limited suffered further.

c) Govt. of India failed to make timely appointments to the top level managerial posts of CIL companies with the result that the management of CIL directly suffered and this reflected upon the production levels further. In particular the post of CIL Chairman Sh. Sutrittha Bhattacharya was lost in this process. Even as of now several top level posts in CIL Companies remain vacant. Vacancy of top managerial posts inevitably reflects upon the performance and level of coal production.

d) Due to policy lapse Govt. of India directed CIL to divert the mine managers (with responsibility for developing the mines) to the unrelated field of **"SWATCH BHARAT"** works which directly impacted the development of coal mines since construction of latrines is unrelated to coal mining..

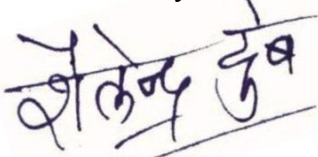
11.2 It is concluded that the figures of coal production as stated by the Minister for Coal in reply to question 832 would have been much higher in case the above stated policy lapses had been avoided by the Govt. of India.

11.3 This is all the more reason why the Govt. of India should not allow the high cost of imported coal to be loaded on the state Gencos and the State thermal power stations.

12. To conclude it is stressed that the Ministry of Power must be directed to withdraw its orders and Coercive directives to the states / state Gencos forcing them to expedite coal imports which were not required / justified as per Ministry of Coal statement. The extra cost of imported coal must be borne by the Ministry of Power.

Thank you with regards.

Sincerely Yours



Shailendra Dubey

Chairman

CC

1. Hon'ble Minister of Coal, Govt of India, New Delhi.
2. Hon'ble Minister of Power, Govt of India, New Delhi.
3. Hon'ble Minister of Railways, Govt of India, New Delhi.